

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MAY 8, 2014**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

P. Ryan Beckett, Chairman
Jackson, Laura; Deputy State Treasurer, Representing Treasurer Lynn Fitch
Kelsey, Christina; Representing Insurance Commissioner Mike Chaney, MS Insurance
Department
Lanford, Mike; Deputy Attorney General, Representing Attorney General Jim Hood

Also present were:

Donaldson, Bruce; Tort Claims Board
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Preziosi, Misti; Office of the State Treasurer
Tipton, Roy; Attorney General's Office, Department of Transportation
Wells, Lisa; Cannon Cochran Management Services, Inc.
Wells, Teresa; Tort Claims Board
Wilson, Jeff; Trinity Capital
Younger, Jim; Department of Public Safety

Motion was made by Mr. Lanford to approve the minutes of the March 20, 2014, meeting. Mrs. Kelsey seconded the motion, which passed unanimously.

There was no Old Business.

There was no New Business.

Mr. Logan presented the financial report for fiscal year 2014 through April 30, 2014. The Cash Flow Analysis details total assessments received of \$4.1 million (100% of total assessment) and total expenditures of \$4.1 million. Total funds of \$14.9 million breakdown by account with \$2.4 million in the Treasury, \$220,606 in the Trustmark TPA account, and \$12.34 million in investments. Mr. Logan advised that the fund has \$8.08 million in reserves and \$6.9 million in unencumbered funds. Expenses include claim payments of \$1.3 million, legal expenses of \$767,630 and other expenses of \$14,333. The average claim paid is \$2,364 and the average reserve is \$12,672. Mr. Logan then reviewed the Budget Comparison by category for fiscal year 2014 noting that we were well within the budget for this time of year.

Mr. Wilson presented the investment report through April 2014. The portfolio currently has \$12.65 million invested with a market value of \$12.4 million. With the changes in the interest rates, we are seeing rates rise and in an inverse relationship, values drop. This is an unrealized loss because we hold our bonds until maturity. The investment is earning 2.33% on the book value, and the internal year-to-date rate of return is just over 1.75%. The average life of the portfolio is just under 2 years, and it has earned just over \$200,000 fiscal-year-to-date. Mr. Wilson also reviewed portfolio composition and maturity distribution charts for the Board. Mrs. Jackson noted that she and Misti Preziosi have been working with Mr. Wilson, and will be meeting with Mrs. McElroy and Mr. Logan to review the cash flow needs of the fund in order to develop an investment policy better tailored to the fund. She hopes to have a policy for the Board at the July meeting.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting. Construction at the Department of Rehabilitation Services is winding down. Mr. Milner has monitored that continually as a result of lessons learned at the Bolton Building post-Katrina, and we have no claims reported as a result. He hopes to begin working on fire drills in the next two weeks, and to see work on the crosswalks in the Capitol Complex by the City of Jackson. Mrs. Jackson inquired about a flashing light or other warning for pedestrians in the West Street crosswalk to the Capitol. Mr. Milner will explore this further with John Anderson, Risk Manager for the City of Jackson.

There was no Attorney General's Report.

Mrs. McElroy presented a list of 27 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mr. Lanford made a motion to approve the list and Mrs. Kelsey seconded the motion, which passed by unanimous vote.

Next, Mrs. McElroy presented a recommendation to approve a temporary Certificate of Coverage for Highlands Community Hospital in Picayune, which is owned by Forrest General Hospital in Hattiesburg. Mr. Burkhalter's analysis for Highlands Community Hospital estimates losses and expenses for Highlands of approximately \$112,000 for the next twelve months, and Highlands has established a Tort Reserve Account with a balance of \$112,000. In September, 2014, Mr. Burkhalter will include Highlands in his analysis of Forrest General Hospital. Mr. Lanford made a motion to approve the Certificate of Coverage and Mrs. Jackson seconded the motion, which passed by unanimous vote.

Lastly, Mrs. McElroy presented a request from Singing River Health System to be exempt from funding their Tort Claims Reserve Account as actuarially recommended. Because their liabilities have increased over \$1 million in the past year, staff recommends requiring a \$1 million deposit to their fund to properly fund it at a 90% level per Mr. Burkhalter's actuarial report and per the Mississippi Tort Claims Board Regulations and Guidelines, Chapter 8, Section 103. Mr. Lanford made a motion accepting the staff recommendation, seconded by Mrs. Kelsey, and passed by unanimous vote. Staff will work with Singing River on a timeframe to complete the deposit(s).

First, Mr. Donaldson introduced Lisa Wells with Cannon Cochran Management Services, Inc. Mrs. Wells is taking over as our account manager following the retirement of Laura Jackson. He also introduced Teresa Wells, the newest member of the Tort Claims staff, who will be handling smaller claims such as road hazard and glass claims in-house. In lieu of a Claims Report, Mr. Donaldson presented claim samples and thoughts on exposure and interpretation post *Little* case. Following discussion of the items presented, the Board expressed the opinion that MS Code §65-1-65 needed to change and not the Tort Claims Act. It was also recommended that we keep an accounting of what this is costing us, including legal expenses for claims that may no longer be resolved by exemption (d).

There being no further business to come before the Board, the meeting was adjourned.



P. RYAN BECKETT, CHAIRMAN



MIKE CHANEY, BOARD MEMBER

TRUDY FISHER, BOARD MEMBER



LYNN FITCH, BOARD MEMBER



JIM HOOD, BOARD MEMBER



ALBERT SANTA CRUZ, BOARD MEMBER

by James W. Young, Jr.



KEVIN J. UPCHURCH, BOARD MEMBER

**Mississippi Tort Claims Board
Thursday, May 8, 2014 – 1:30 P.M.**

AGENDA

- I.** Approval of Minutes
 - A. March 20, 2014
- II.** Old Business
- III.** New Business
- IV.** Financial Reports
 - A. Financial Report – Jim Logan
 - B. Investment Report – Jeff Wilson
- V.** Loss Control – Steve Milner
- VI.** Attorney General's Report – Lea Ann McElroy
- VII.** Certificates of Coverage – Lea Ann McElroy
 - A. Highlands Community Hospital
 - B. Singing River Health System
- VIII.** Claims Report – Bruce Donaldson
- IX.** Adjournment

Next meeting date and time: July 10, 2014 – 1:30 P.M.
Meeting location: Suite 138, Conference Center North, Woolfolk Building, Jackson, MS

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MARCH 20, 2014**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

P. Ryan Beckett, Chairman
Eads, Jay; Representing Insurance Commissioner Mike Chaney, MS Insurance
Department
Lanford, Mike; Deputy Attorney General, Representing Attorney General Jim Hood
Upchurch, Kevin; Executive Director, MS Department of Finance and Administration

Also present were:

Dale, Corey; Fisher Brown Bottrell Insurance, Inc.
Donaldson, Bruce; Tort Claims Board
Goode, Mark; Willis of North Carolina, Inc.
Hilton, Sherri; Department of Finance & Administration
Honeycutt, Mike; Willis of North Carolina, Inc.
Jackson, Laura; Cannon Cochran Management Services, Inc.
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Moxley, Richard; Willis of North Carolina, Inc.
Preziosi, Misti; Office of the State Treasurer
Scott, Leslie; MS Association of Supervisors
Surrette, Derrick; MS Association of Supervisors
Woodcock, J. D. "Woody"; Attorney General's Office
Young, Anissa; MS School Boards Association
Younger, Jim; Department of Public Safety

Motion was made by Mr. Lanford to approve the minutes of the January 9, 2014, meeting. Mr. Eads seconded the motion, which passed unanimously.

Under Old Business, Anissa Young, Insurance Program Manager with the Mississippi School Boards Association (MSBA), and Mike Honeycutt with Willis of North Carolina, Inc. were present to discuss their proposal for a Self-Insured Casualty Program. Mr. Honeycutt made a brief presentation reviewing coverages, expected participation, and funding. Mr. Corey Dale, with Fisher Brown Bottrell Insurance, Inc., spoke to the Board about the role of the local agent within the program. Although not present for the meeting, Chris Burkhalter, actuary for the Board, reviewed the MSBA proposal and presented a written summary of his findings and

recommendations: (1) any approval should be tentative pending submission of a list of participating members, exposure and premium actuals, a finalized contract for excess insurance coverage, as well as copies of signed member agreements detailing joint-and-several liability; (2) MSBA should submit quarterly loss runs for the first year of the program; and (3) annually, in accordance with the MS Tort Claims Act, MSBA will submit an actuarial report for the trust, audited financial statements, details of any insurance purchased, and new rate analysis if the Board deems necessary. Mr. Upchurch moved for approval of the program subject to Mr. Burkhalter's stipulations. Mr. Lanford seconded the motion, which passed unanimously.

Also under Old Business, Derrick Surrence, Executive Director of the Mississippi Association of Supervisors (MAS), Leslie Scott, MAS General Counsel, as well as Mark Goode and Richard Moxley of Willis, were present to provide an update of their self-insured program and provide additional requested documentation. The information was received and the Board will look for the first annual report from MAS in July 2015.

Lastly, Mrs. McElroy provided Board members a final update on the pertinent legislation for the 2014 Legislative Session. Although SB2623 did not pass this Session, the Chairman expressed his support of the legislation and the need to continue to push this legislation.

Under New Business, Mrs. McElroy presented a recommendation for renewal of the actuarial contract with Chris Burkhalter of Bickerstaff Whatley Ryan & Burkhalter. His current contract expires June 30, 2014. The new contract is for a period of three (3) years with the option to renew for one (1) additional year. Mr. Upchurch made a motion to approve the contract with the one year extension as presented. Mr. Lanford seconded the motion, which passed unanimously.

Also under New Business, Mrs. McElroy presented a recommendation to amend the current contract with CS STARS to provide for the purchase, implementation, and ongoing support of the Certificates module of the CS STARS System. This module will take the place of the current FoxPro Political Subdivision database, which is outdated and unsupported by Windows 7 and later operating systems. The amendment increases the scope of work and adds \$36,750 to the dollar amount of the contract for the addition of Certificates. The current contract end date of September 30, 2015, remains in effect. Mr. Eads made a motion to approve the contract amendment, and Mr. Upchurch seconded the motion. The motion was unanimously approved.

Mr. Logan presented the financial report for fiscal year 2014 through February 28, 2014. The Cash Flow Analysis details total assessments received of \$4.1 million (100% of total assessment) and total expenditures of \$3.7 million. Total funds of \$15.4 million breakdown by account with \$2.75 million in the Treasury, \$319,385 in the Trustmark TPA account, and \$12.34 million in investments. Mr. Logan advised that the fund has \$7.43 million in reserves and \$7.98 million in unencumbered funds. Reserves levels are up but stable. Expenses include claim payments of \$1.2 million and legal expenses of \$588,629. Mr. Logan then reviewed the Budget Comparison by category for fiscal year 2014 noting that we were in line with the time of year and the budget.

In Mr. Wilson's absence, Mr. Logan presented the portfolio highlights through February 2014. The current portfolio yield is 2.28% with year-to-date interest earned of \$143,870. According to Mr. Wilson, we are outperforming induced and peers. Misti Preziosi, Director of Investments & Cash Management for State Treasurer Lynn Fitch, noted that she would report on changes in the Treasury's investment requirements and resulting investment guidelines per MS Code Ann. § 27-105-33 at a later Board meeting.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting. The recent winter weather has provided some challenges and lessons for building maintenance and employee safety. He also noted our work with the McComb MDOT district for a median turn-around for official State vehicles on Highway 61 around Woodville.

Mrs. McElroy presented one (1) attorney for inclusion in the approved Attorney Register: T. Philip Huskey of Wise Carter Child & Caraway, P.A. Mr. Huskey does meet the eligibility requirements of the Board and staff recommends approval. Mr. Upchurch moved to approve and Mr. Lanford seconded. The motion passed unanimously.

Mrs. McElroy presented a list of 49 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mr. Lanford made a motion to approve the list and Mr. Eads seconded the motion, which passed by unanimous vote.

There was no Claims Report, however, Mr. Donaldson did request the opportunity to discuss the potential impact of the Little case at the next Board meeting for Board input and direction. Mr. Donaldson recognized Laura Jackson, manager of our account with Canon Cochran Management Services, Inc. who will be retiring at the end of May. The Chairman, on behalf of the Board, thanked Laura for her service to the Mississippi Tort Claims Board and wished her well in retirement.

There being no further business to come before the Board, the meeting was adjourned.



P. RYAN BECKETT, CHAIRMAN



MIKE CHANEY, BOARD MEMBER

TRUDY FISHER, BOARD MEMBER

Laura Jackson, Deputy
LYNN FITCH, BOARD MEMBER

Jim Hood
JIM HOOD, BOARD MEMBER

Albert Santa Cruz
ALBERT SANTA CRUZ, BOARD MEMBER
by James W. Hays, Jr.

KEVIN J. UPCHURCH, BOARD MEMBER

MISSISSIPPI TORT CLAIMS BOARD
Combined Financial Report - Fiscal Year 2014
Fund 3080

-----CASH FLOW ANALYSIS-----

	March	April	Year-To-Date
REVENUE:			
Assessments Received	0.00	0.00	4,094,232.89
Interest	1,657.52	988.18	13,325.54
Investment Interest	23,707.50	36,558.81	204,135.48
Workers Comp Service Fees	0.00	0.00	14,362.14
Transfer In Funds	0.00	0.00	1,200,000.00
Total Revenue	\$ 25,365.02	\$ 37,546.99	\$ 5,526,056.05
EXPENSES:			
Claim Losses - TCB and TPA	33,800.36	69,026.09	1,307,475.26
Legal Expenses - TCB and TPA	42,976.13	136,024.98	767,629.70
Other Expenses - TCB and TPA	668.75	1,587.07	14,332.97
Administrative Expenses Paid	83,976.13	113,798.47	905,660.91
Transfer of Funds - Out	0.00	0.00	1,200,000.00
Total Expenses	\$ 161,421.37	\$ 320,436.61	\$ 4,195,098.84
FUNDS ON HAND:			
Beginning Balance	\$ 15,405,007.69	\$ 15,268,951.34	
Revenue	25,365.02	37,546.99	
Expenses	(161,421.37)	(320,436.61)	
Adjustments	0.00	0.00	
Total Funds	\$ 15,268,951.34	\$ 14,986,061.72	
Cash in Treasury	\$ 2,640,824.53	\$ 2,426,045.56	
Investment in Treasury	\$ 12,339,410.00	\$ 12,339,410.00	
TPA Trustmark Bank Balance	288,716.81	220,606.16	
Total Funds By Account	\$ 15,268,951.34	\$ 14,986,061.72	
Less Reserves	\$ 8,123,003.84	\$ 8,084,623.01	
Unencumbered Funds Available	\$ 7,145,947.50	\$ 6,901,438.71	

-----CLAIMS/RESERVES DETAIL (Year-To-Date)----

	Tort Board	Mgt. Services	TOTAL
Claims - Payments	\$ 49,932.26	\$ 1,257,543.00	\$ 1,307,475.26
Claims - Legal Expenses	763,396.70	4,233.00	767,629.70
Claims - Other Expenses	450.00	13,882.97	14,332.97
Total Paid Out to Date	\$ 813,778.96	\$ 1,275,658.97	\$ 2,089,437.93
OUTSTANDING RESERVES	143,997.18	7,940,625.83	8,084,623.01
Total Claims & Reserves	\$ 957,776.14	\$ 9,216,284.80	10,174,060.94
Number of Claims Created	162	597	759
Number of Claims Paid	89	464	553
Total Open Claims	53	585	638
AVG. CLAIM \$ / # CLAIMS PAID	\$561.04	\$2,710.22	\$ 2,364.33
AVG. RESERVE / OPEN CLAIMS	\$2,716.93	\$13,573.72	\$ 12,671.82

NOTE: Information represents combined operations for Treasury Fund 3080 and the Trustmark account (utilized by CCMSI).

MISSISSIPPI TORT CLAIMS BOARD

Budget Comparison Report

Treasury Fund 3080

Fiscal Year 2014

Expenses:	Total Budget	March 2014	April 2014	Year To Date Expenditures	Ending Balance	Percent Expended
A1-Salaries	\$ 532,706.00	\$ 43,864.07	\$ 43,864.07	\$ 421,566.24	\$ 111,139.76	79.14%
A2-Travel	8,050.00	38.05	0.00	969.76	7,080.24	12.05%
B-Contractual	4,710,264.00	82,456.85	200,782.05	1,241,945.69	3,468,318.31	26.37%
C-Commodities	8,300.00	548.39	1,063.83	4,795.37	3,504.63	57.78%
D2-Capital Outlay	3,500.00	0.00	0.00	0.00	3,500.00	0.00%
E-Subsidies	3,996,330.00	3,831.11	6,603.77	1,249,932.26	2,746,397.74	31.28%
SUBTOTAL	<u>\$ 9,259,150.00</u>	<u>\$ 130,738.47</u>	<u>\$ 252,313.72</u>	<u>\$ 2,919,209.32</u>	<u>\$ 6,339,940.68</u>	<u>31.53%</u>
TPA Expended		<u>30,682.90</u>	<u>68,122.89</u>	<u>1,275,889.52</u>		
TOTAL Expended		<u>\$ 161,421.37</u>	<u>\$ 320,436.61</u>	<u>\$ 4,195,098.84</u>		

TRINITY

TRINITY CAPITAL INVESTORS

May 2, 2014

Mr. Jim Logan
Mississippi Tort Claims Board
P O Box 267
Jackson, MS 39205-0267

Re: April 2014 Portfolio Highlights

Total Portfolio	Book Value	\$12,651,323 + accrued
	Market Value	\$12,402,141
Fiscal YTD Internal Rate of Return		1.77%
Current Portfolio Book Yield		2.33%
Market Yield		3.14%
Weighted Average Life		Approximately 1.74 years
Fiscal YTD Interest Earned		204,137
Calendar YTD Interest Earned		81,987
Accrued Interest		36,485

Security Inventory
Booking Report
April 2014
MISSISSIPPI TORT CLAIMS FUND

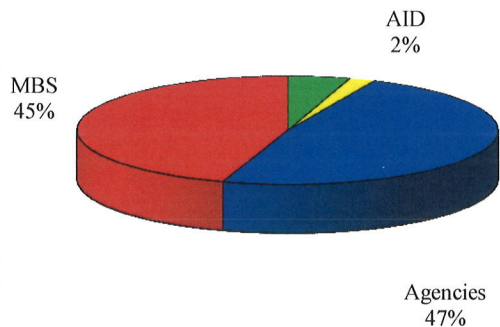
Security Group	Type	Par Value	Book Value/ Cost
AGEN	FNMA	875,000	882,275.00
	AID	250,000	268,427.50
	FHLB	4,155,000	4,183,050.00
	FHLMC	1,000,000	1,001,960.00
CMO	GNMA	4,712,998	5,102,063.39
	GN ARM	708,736	275,773.17
	GN FLOATER	474,564	151,740.94
	FHR	952,814	188,906.94
INTEREST			36,558.81
CASH			597,126.34
			12,651,323.28

Transfer:

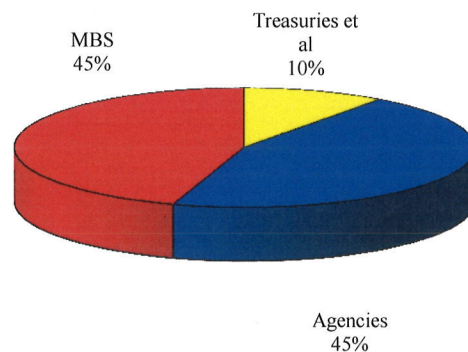
Portfolio Composition
April 2014

Security Type	Par Value 4/30/2014	Current Mix	Target 6/30/2014	Goal Mix
Cash/ Liquidity	597	5%	0	0%
Treasuries et al	250	2%	1,260	10%
Agencies	6,075	48%	5,670	45%
Bullet Maturities	0	0%	2,835	50%
Callables	6,075	100%	2,835	50%
Floater	0	0%	0	0%
MBS	5,666	45%	5,670	45%
Floater	273	5%	0	0%
CMO	5,393	95%	5,670	100%
Pass Through	0	0%	0	0%
Municipals	0	0%	0	0%
Taxable		0%	0	100%
Tax Free	0	0%	0	0%
TOTAL	12,588	100%	12,600	100%

**Security by Type
(Actual)**

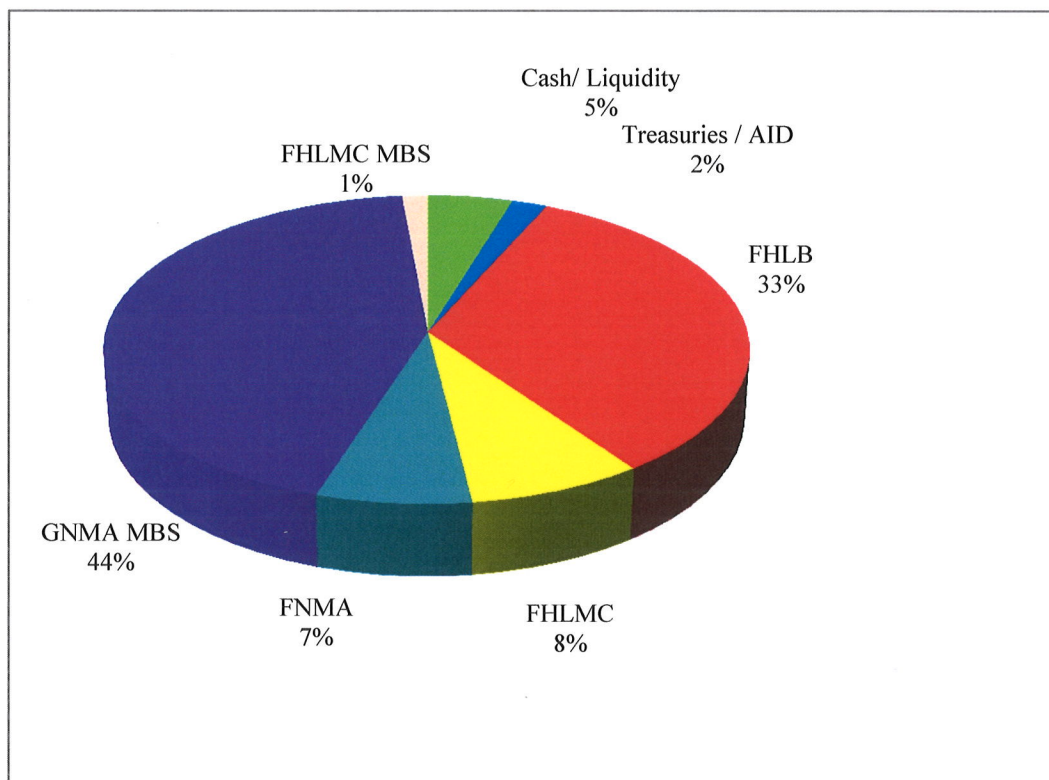


**Security by Type
(Goal)**



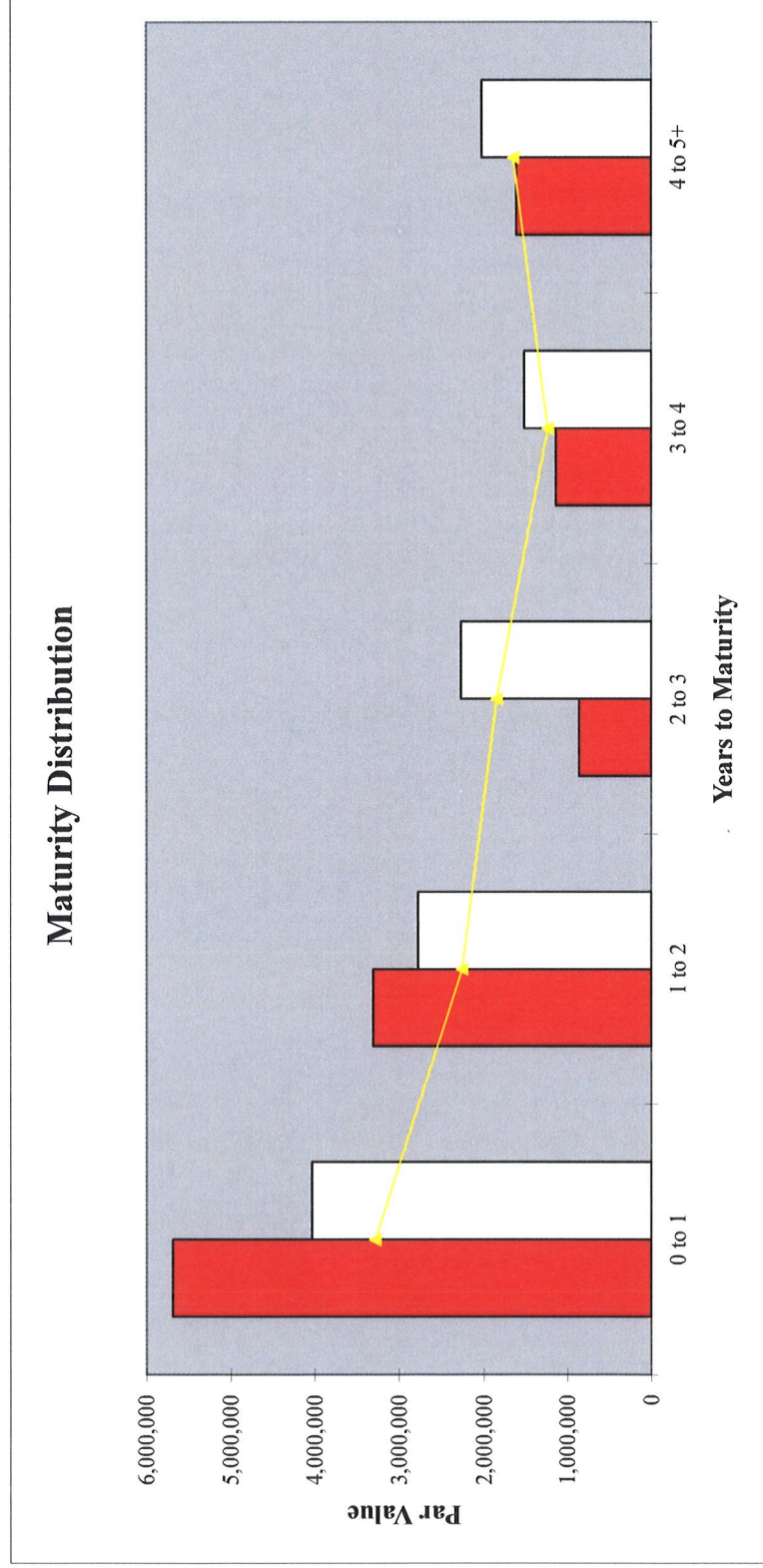
Portfolio Security by Type
April 2014

Security Type	Par Value 4/30/2014	Current Mix
Cash/ Liquidity	597	5%
Treasuries / AID	250	2%
Agencies	6,075	48%
FHLB	4,200	69%
FHLMC	1,000	16%
FNMA	875	14%
MBS	5,666	45%
GNMA MBS	5,485	0%
FHLMC MBS	181	0%
FNMA MBS	0	0%
TOTAL	12,588	100%



Maturity Distribution
April 2014

Years to Maturity	0 to 1	1 to 2	2 to 3	3 to 4	4 to 5+	TOTAL	WAL
Actual Par Value	5,683,747	3,306,655	859,265	1,135,924	1,602,665	12,588,256	1.74
Target Value June 2014	4,032,000	2,772,000	2,268,000	1,512,000	2,016,000	12,600,000	2.16
Claims & IBNR a/o June '13	3,281,280	2,255,880	1,845,720	1,230,480	1,640,640	10,254,000	2.16





STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
P. RYAN BECKETT, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
TRUDY FISHER, Executive Director
Department of Environmental Quality
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
ALBERT SANTA CRUZ, Commissioner
Department of Public Safety
KEVIN J. UPCHURCH, Executive Director
Department of Finance and Administration

MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Steve Milner
DATE: May 8, 2014
RE: Loss Control Report

Since the last Board Meeting, loss control and risk management services for both the Tort Claims Board and the State Agencies Self Insured Workers' Compensation Trust have included:

- 12 State Property Inspections
 - 1 Highway Construction Safety Assessment
 - 7 Ergonomic Assessments
 - 5 State Property Construction Inspections
 - 8 Accident Investigations
 - 2 Pre Construction Safety Planning Meetings
 - 1 Risk Management Planning Meeting
 - 3 Safety Meetings
 - 9 Post Tornado Safety Assessments



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
P. RYAN BECKETT, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
TRUDY FISHER, Executive Director
Department of Environmental Quality
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
ALBERT SANTA CRUZ, Commissioner
Department of Public Safety
KEVIN J. UPCHURCH, Executive Director
Department of Finance and Administration

MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Lea Ann McElroy
DATE: May 8, 2014
RE: Political Subdivisions – Certificates of Coverage

RECOMMENDATION: Staff recommends approval of 27 political subdivisions shown on attached list.

MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MAY 8, 2014

Political Subdivisions Recommended for Renewal of Certificates of Coverage

Attala County Fire District
Carmack VFD
Central VFD
Choctaw County Board of Supervisors
Clay County Soil & Water Conservation District
District 5 VFD
East Franklin VFD
Ethel VFD
Eudora Volunteer Fire Department
Fairhaven Fire Department
Forest City Clerk
Forrest County Board of Supervisors
Friendship VFD
Indian Bayou Master Water Management District
Jackson County Utility Authority
Jasper County Board of Supervisors
McCool VFD
Mid-Mississippi Development District
Murphy Bayou Drainage District
Oktibbeha County Hospital
Pearl River County Hospital
Progress VFD
Region I Mental Health Center
Sallis VFD
Sharkey-Issaquena Community Hospital
Union Public School District
Zamma VFD

Total Printed: 27